

March 17, 2004

ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP) TENNESSEE 2004

The Environmental Quality Incentives Program (EQIP), established by the Federal Agriculture Improvement and Reform Act of 1996 and amended by the Farm Security and Rural Investment Act of 2002, is a voluntary conservation program to optimize environmental benefits. EQIP provides cost share and incentive payments to plan and install conservation practices to protect, conserve, and improve soil, water, and related natural resources.

Local work groups (LWG's) provide input to the Natural Resources Conservation Service (NRCS) district conservationists in the determination of conservation practices eligible for cost share and/or incentive payments. LWG's also provide input into the development of ranking criteria to be used to evaluate eligible applicants for approval of EQIP contracts.

The State Technical Committee provides input to the State Conservationist to determine highest priority natural resource concerns and problems for which EQIP financial assistance will be utilized. Tennessee NRCS has conducted an extensive natural resource assessment utilizing National Resources Inventory (NRI), Tennessee Agricultural Statistics, Census data, and other demographic information in order to determine the most significant natural resource concerns as follows: **Soil erosion/sustainability, improving management of grazing land, management and utilization of animal waste, and protection and improvement of surface and ground water quality.**

Tennessee is geographically divided into three distinct regions based on major land resource areas; plant, soil, and animal resources; various agricultural enterprises; and unique natural resource problems. West Tennessee, consisting of 21 counties is the major row cropping area with 56 percent of the cropland. Soil erosion, soil quality, and soil sustainability with associated water quality and sedimentation are the major conservation concerns. Middle Tennessee, consisting of 37 counties, had 52 percent of the grazing land, 35 percent of the confined livestock operations, 50 percent of the non-confined livestock, and 40 percent of the streams. Improving grazing land, management of animal waste, and protecting water resources are the high priorities. East Tennessee, consisting of 37 counties, has 32 percent of the grazing land, 33 percent of the streams, 29 percent of the confined animal operations, and 40 percent of the farms. Management of livestock wastes, improving grazing land, and surface and ground water protection are the major resource concerns.

Each geographic region has developed a list of conservation practices eligible for cost share and/or incentive payments and a set of ranking criteria designed to give highest priority to applicants who will install practices to address identified major resource concerns. The 2004 cost lists and ranking criteria are available at

<http://www.tn.nrcs.usda.gov/programs/Equip/eqip-index.html>. Additionally, each region has developed a cost list by practice or component, as appropriate, that accurately reflects local costs and provides flexibility in development of contracts with participants. Maximum payments have also been established for certain practices, in consultation with the State Technical Committee, in order to **optimize environmental benefits.**

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For EQIP in fiscal year 2004, maximum cost share has been set for certain major conservation practices as follows: Composting Facility and/or Waste Storage Facility - \$15,000; Streambank and Shoreline Protection - \$15,000 not to exceed 800 linear feet per contract; and Waste Storage Facility – Limited cost share is not to exceed \$100,000, and a Comprehensive Nutrient Management Plan (CNMP) is required. The Middle Tennessee administrative area has set a limit of \$15,000 cost share per practice for all other cost-shared conservation practices not listed above. The East Tennessee administrative area has limited the cost share for Waste Storage Facility and Waste Treatment Lagoon for dairy operations based on the size of the Confined Animal Feeding Operation (CAFO): CAFO 1 - \$100,000; CAFO 2 - \$75,000; and CAFO 3 - \$50,000.

In program year 2004, a base allocation of funds will be available in all counties in Tennessee. Fund allocations are monitored throughout the year to assure that all available funds are efficiently utilized. Historically, Tennessee has funded approximately 25-35 percent of its applicants. In fiscal year 2003, Tennessee developed 587 EQIP contracts and obligated \$7,283,980.00.

A formula for the allocation of funds within the state is utilized to make the EQIP allocations within the state. The factors contained in the formula include cropland acres, cropland erosion, pastureland acres, pastureland condition, water resources/miles of streams, confined animal units, non-confined animal units, water resources/impacted streams, and number of farms. Allocations are made to the three geographical regions based on this formula, and base amounts for each county are determined from within the geographical region.

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